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Supreme Court, U.S.
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No. 98-362

In The

# Supreme Court of the United States

October Term, 1997

HEARTSPRINGS, INC.,

*Petitioner,*

v.

HEARTSPRING, INC., a/k/a
INSTITUTE OF LOGOPEDICS, INC.,

*Respondent.*

**On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Tenth Circuit**

## BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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## QUESTIONS PRESENTED

Respondent does not agree with the questions presented in the Petition for Writ of Certiorari. There is only one issue properly presented for review: Did the United States Court of Appeals for the Tenth Circuit err by employing a clear error standard of review, rather than the *de novo* review standard suggested by petitioner, to the District Court's finding there was no likelihood of confusion between the parties' respective trademarks?

## PARTIES

Respondent Heartspring, Inc. has no parent or subsidiary companies.

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## STATEMENT OF THE CASE

The petition does not accurately state the facts of this case. Petitioner implies the District and Circuit Courts below did not follow the summary judgment procedure set forth in prior Supreme Court precedent, and that there were uncontroverted facts before the District Court that precluded summary judgment. Neither of these allegations are true. At issue is whether the Tenth Circuit employment of the majority test and standard of review for determining "likelihood of confusion" in trademark disputes is proper.

Petitioner Heartsprings, Inc., incorporated in Arizona in 1991. It adopted HEARTSPRINGS and used it as a common-law service mark in a limited manner. Petitioner creates and distributes violence prevention programs and story workbooks for school children and children of military personnel sent overseas, with themes such as "I Help Build Peace" and "Path of the Warrior." These workbooks are entitled "Pathways to Resiliency." The name HEARTSPRINGS does not appear on the cover of these workbooks. In general, HEARTSPRINGS is only listed in these workbooks in connection with copyright and address information.

Respondent Heartspring, Inc. is a private, non-profit residential school in Wichita, Kansas caring for and training children with multiple severe disabilities such as autism and Down's Syndrome. The school does not treat children with behavioral disorders stemming from psychological sources. The program costs $90,000 to $150,000 per student per year.

In January, 1993, respondent decided to change its name from Institute of Logopedics (few persons knew what "logopedic" meant) and chose HEARTSPRING. A search by a trademark attorney did not reveal any prior conflicting marks and use commenced. Respondent sought to register its mark in the Patent and Trademark Office, the mark was passed by the trademark examiner and published for opposition. Petitioner opposed the registration and proceedings began. After the matter had been pending for almost a year before the Trademark Trial and Appeal Board (TTAB), petitioner filed suit in the District of Kansas, seeking both an injunction and significant damages. The TTAB case was stayed pursuant to statute.

Both parties represented to the District Court the matter was ripe for summary judgment and cross motions were filed. For the reasons set forth in its decision, found in the Appendix to the petition, the District Court determined that no genuine issue as to any material fact existed, found that no likelihood of confusion of the respective trademarks existed and that respondent was thus entitled to judgment as a matter of law. Petitioner's request for reconsideration was denied.

The petitioner appealed to the Court of Appeals for the Tenth Circuit. Its decision is also found in the petition's Appendix. The Tenth Circuit revisited likelihood of confusion as a question of fact and reviewed the decision for clear error. Finding none, the Tenth Circuit affirmed. It denied a motion for reconsideration and/or rehearing *en banc*.

## ARGUMENT

The Lanham Act prohibits companies from using a term, symbol or "false designation of origin" that is "likely to cause confusion" regarding another company. 15 U.S.C. § 1125(a). This "likelihood of confusion" test governs both the statutory and common law claims of petitioner.

In response to respondent's motion for summary judgment, and in order to submit a submissible case on the violations alleged in its Complaint, petitioner needed to provide the District Court with facts from which it could infer a "likelihood of confusion." Thus, petitioner was required to establish a submissible case that respondent's "use of the name 'Heartspring' is likely to cause consumers to believe either that [petitioner] was the source of [respondent's] services (direct confusion) or that [respondent] is the source of [petitioner's] products and services (reverse confusion). Appendix to Petition at A34. As the District Court stated the test, "Confusion occurs when consumers make an incorrect mental association between the involved commercial products or their producers." Appendix to Petition at A34 (citing *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1484 (10th Cir. 1987)). This objective test was the proper inquiry to determine whether likelihood of confusion was present.

Petitioner argues, citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249 (1986), that the District Court impermissibly weighed the evidence in finding no likelihood of confusion and the Tenth Circuit improperly used the clearly erroneous standard when it should have used

a *de novo* standard. Contrary to petitioner's protestations, the courts below did follow *Anderson* and its progeny in concluding respondent was entitled to summary judgment as a matter of law. See Appendix to Petition at A5 and A33, where the courts below expressly mention *Anderson*. At issue is whether the courts below should have treated a fact-intensive component of their deliberations, the likelihood of confusion of marks, as a fact question.

Petitioner urges adoption of a minority test for likelihood of confusion that differs little from the test employed by the majority of circuits. In the Tenth Circuit, likelihood of confusion is a question of fact, reviewed for clear error. *Cardtoons, L.C. v. Major League Baseball Player's Ass'n*, 95 F.3d 959, 967 (10th Cir. 1996). Likelihood of confusion within the Tenth Circuit is dependent upon the plurality of factors set forth in *Universal Money Ctrs., Inc. v. America Tel. & Tel. Co.*, 22 F.3d 1527, 1530 (10th Cir. 1994). As in the Tenth Circuit, likelihood of confusion is treated as a question of fact subject to a clearly erroneous standard of review in the First, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Eleventh and District of Columbia Circuits.[1] The Second, Sixth and Federal Circuits treat

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[1] *See, e.g., Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 377 (1st Cir. 1980); *American Home Prods. v. Barr Labs.*, 834 F.2d 368, 370 (3d Cir. 1987); *Resorts of Pinehust v. Pinehurst Nat. Corp.*, 148 F.3d 417 (4th Cir. 1998); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1526 (4th Cir. 1984); *Marathon Mfg. v. Enerlite Prods.*, 767 F.2d 214, 217 (5th Cir. 1985); *Scandia Down Corp. v. Euroquilt*, 772 F.2d 1423, 1428-29 (7th Cir. 1985), *cert. denied*, 475 U.S. 933 (1988); *Mutual of Omaha v. Novak*, 836 F.2d 397, 398-99 (8th Cir. 1987); *Levi Strauss v. Blue Bell*, 778 F.2d 1352, 1355 (9th Cir. 1985)

likelihood of confusion as a question of law subject to *de novo* review.[2] Even in those minority of circuits that treat likelihood of confusion as a legal question, however, the individual factors considered to determine likelihood of confusion (i.e., similarity of the parties' marks, evidence of actual confusion, etc.) are issues of fact, subject to review under the clearly erroneous standard. In other words, a District Court's determinations as to the individual factors that compose likelihood of confusion are always subject to clear error review in every federal circuit.

It should also be noted that the clearly erroneous standard is applied by the federal courts to many other similar fact issues in trademark law, including secondary meaning, genericness and descriptiveness, abandonment and functionality. *See, e.g., In re Loew's Theatres*, 769 F.2d 764, 768 (Fed. Cir. 1985) (secondary meaning); *In re Merrill Lynch*, 828 F.2d 1567, 1571 (Fed. Cir. 1987) (genericness); *Cerveceria Cetroamericana, S.A. v. Cerveceria India, Inc.*, 892 F.2d 1021, 1024 (Fed. Cir. 1989) (non-use and intent); and *Cable Elec. Prods. v. Genmark, Inc.*, 770 F.2d

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(Judge Kozinski's commentary in *Dreamwerks, infra* at 142 F.3d at 1127, notwithstanding, this *en banc* ruling that likelihood of confusion is reviewed under the clearly erroneous standard remains the law in the Ninth Circuit); *Wesco Mfg. v. Tropical Attractions of Palm Beach*, 833 F.2d 1484, 1488 n.6 (11th Cir. 1987); and *Reader's Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 804 (D.C. Cir. 1987).

[2] *See, e.g., Hasbro v. Lanard Toys, Ltd.*, 858 F.2d 70, 75-76 (2d Cir. 1988); *Frisch's Restaurants v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 651 (6th Cir. 1981), *cert. denied*, 456 U.S. 916 (1982); *In re Electrolyte Laboratories*, 929 F.2d 645, 647 (Fed. Cir. 1990).

1015, 1030 (Fed. Cir. 1985) (functionality). Each of these issues, like likelihood of confusion, entails consideration of multiple factors of evidence and the conclusion is reviewed by appellate courts under the clearly erroneous standard. Petitioner proffers no good reason for singling out likelihood of confusion for different treatment, and adopting of the minority standard of review urged by petitioner would create turmoil in the field of trademark law with regard to these other fact-intensive issues.

In the case at bar, the District Court properly concluded there were no genuine issues of material fact to preclude summary judgment. Indeed, petitioner's opposition to respondent's motion for summary judgment contained no statement of facts whatsoever; petitioner simply chose to interweave its legal argument with its view of the facts and rely on the facts statement in its own summary judgment motion, rather than respond to each numbered fact paragraph in respondent's summary judgment motion as required by local rule. See Appendix to Petition at A31 n.1. If petitioner's complaint is that the District Court ignored certain controverted facts below, it should have followed the local rule and presented those fact controversies clearly to the District Court. Further, although the Tenth Circuit acknowledges the existence of a circuit split regarding the appropriate standard of review for likelihood of confusion, petitioner alleges no error, clear or otherwise, in the recitation of facts set forth in the decisions of the District Court or the Tenth Circuit. Petitioner takes no issue with the individual factors used by the District Court. In sum, there is nothing in the record to suggest this case would have been a different

outcome had the Tenth Circuit employed a *de novo* rather than clearly erroneous standard of review.[3]

Petitioner next suggests to the court that the lower courts need guidance on how to characterize the relative strength of marks. This Court has already provided the requested guidance. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). In support of this argument, petitioner points to an alleged inconsistency between the characterization of HEARTSPRINGS as suggestive in the Tenth Circuit and DREAMWERKS as arbitrary in the Ninth Circuit. *Dreamwerks Prod. Group, Inc. v. SKG Studio*, 142 F.3d 1127 (9th Cir. 1998). In the instant case, however, petitioner admitted the suggestiveness of its mark and presented no evidence that a consumer would draw any different connection. The *Dreamwerks* decision is bereft of any such statements from the trademark owner. Further, the alleged distinction petitioner attempts to draw between the definitions of arbitrary marks from the Ninth and Tenth Circuits is greatly overstated, if it exists at all. In the Ninth Circuit, a mark is arbitrary if it is made of common words used in a fictitious and arbitrary manner to create a distinctive mark. In the Tenth Circuit, an arbitrary mark uses words having a common meaning unrelated to the product to which it has been assigned. In either circuit, a mark such as APPLE Computers would be arbitrary. A review of the record in the instant case

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[3] Indeed, the District Court, citing *Universal Money Ctrs. v. American Tele. & Telegraph*, 22 F.3d 1527 (10th Cir. 1994), *cert. denied*, 115 S.Ct. 655 (1994), hinted that summary judgment would be appropriate in this case where "no likelihood of confusion existed as a matter of law," the test urged by respondent.

shows the District Court properly considered the suggestive/arbitrary nature of the mark in dispute, and no additional guidance is required by this Court.

## CONCLUSION

For the foregoing reasons, respondent prays the Court deny the Petition for Writ of Certiorari.

Respectfully submitted,

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